"particularly when you're dealing with a complex issue like the capital gains tax or the current budget battle."

When Grace conducted an issue campaign in the late 1970's on capital gains, they used the *Washington Post* and *The Wall Street Journal* for their initial five-week run, which spoke directly to the President and Congress. These ads were later placed in major market newspapers to attract broader attention and provoke people to write to their representatives. Despite assertions by some that such efforts go unread, Grace received a great deal of feedback from this campaign. And Elliott feels the positive rub-off in the business and financial communities was worth every penny they spent.

The deficit question is another matter. Some, perhaps cynically, feel Grace isn't so much addressing an issue as posturing against a very complex problem for their own, self-serving ends. "We don't need Grace to tell us we should balance the budget," huffs one veteran of the Hill. But the public remains upbeat in its reaction to Grace's efforts.

Advocacy ads, though a small segment of corporate advertising, have the potential to address all of the average campaign's goals.

Grace continued the campaign with ads last spring in *The Wall Street Journal, Washington Post, USA Today, The New York Times* and *Barron's*. The copy read, "If the deficit goes down, here's who to thank. If it goes up, here's who to replace." Following this head was a complete list of members of the current Congress.

While the mail bags of such companies as Grace and United Technologies might suggest otherwise, research confirms that advocacy ads are low on the influence scale in terms of corporate advertising, at least as far as Wall Street is concerned.

Early in 1984, *Barron's* mailed 5,382 questionnaires to institutional and individual investors, brokers, corporate execs at $500 million+ corporations, and investment bankers to determine what influences these target groups. They received responses from 3,141 people and among their findings are some telling facts about the power of corporate ad campaigns.

As reported in the November 1984 issue of *Public Relations Journal*, "three out of four respondents report that corporate image advertising has called their attention to a company's investment qualifications." In terms of issue advertising, however, the results are not so positive. " 'Position regarding social issues' ranks last" in regard to type of information of interest supplied by corporate ad campaigns, according to the study.

Even some of issue advertising's biggest proponents are not sure that issue ads are read. Nor are they sure that it matters. John Fox Sullivan, editor and publisher of the *National Journal*, admits that many of these ads, which may try to educate the influentials in the Capital, fall short. "Does anyone actually read them, think about them?" he asks rhetorically. "Is anyone actually influenced by them in some way? No, not really. Who knows for sure what any kind of advertising does? I would not say that the way to influence the House is through advertising."

An in-depth research report conducted in 1981 by the Washington office of public relations firm Burson-Marsteller found that, of all forms of communications, congressional staffers placed issue advertising in regional magazines, general interest magazines, on local radio, in regional daily newspapers, and in weekly district newspapers as among the 10 least effective means of getting a message across to them. No issue ads of any kind made it into the top 30 means of communications as ranked by this group.

But Sullivan is quick to point out that there are advantages. "In some cases, the ads provide people with information," he suggests. "But in others, they raise the profile of a company in Washington. When their Washington rep later tries to get in the door, or they want to do something in particular in Washington, Washington knows they are a 'good' company."

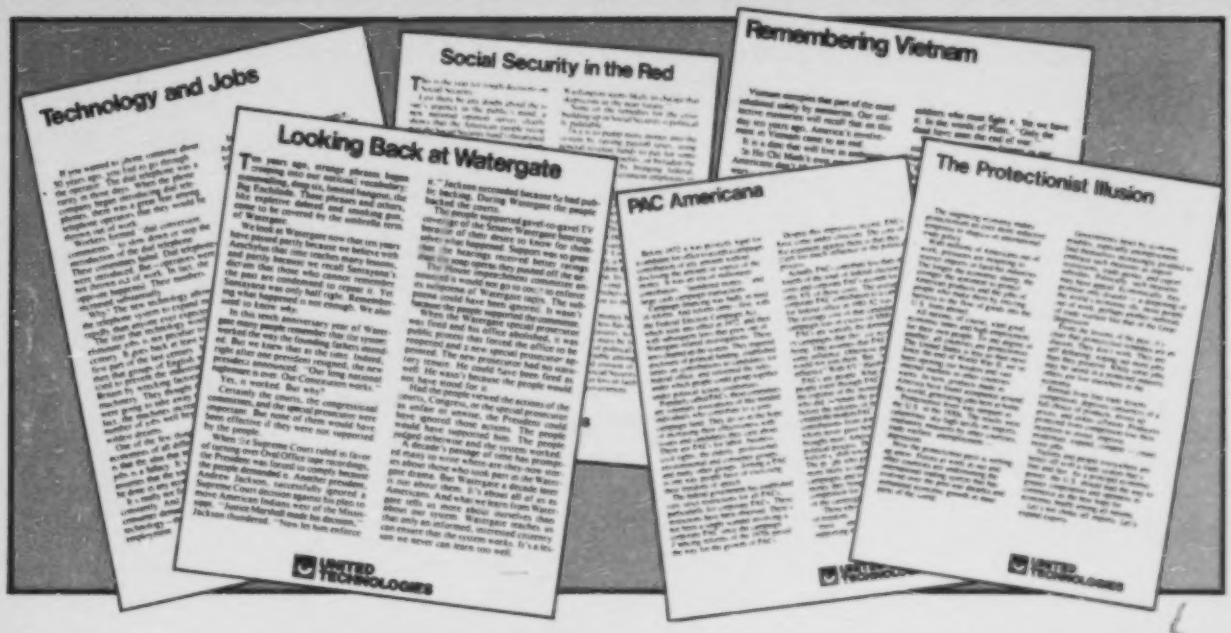
Ironically, the decision to place issue ads can sometimes be found on the other side of the fence. "There is also a group that advertises because they are told by some influentials that they

Corporate Advertising in newspapers: some sample spending

Newspapers, because of their immediacy and their appropriate editorial environment, are often the medium of choice for corporate advertising messages. A spot check of Media Records' year-end figures for 1984 finds a wide gap in spending in this area by business, ranging from Mobil's $2.5 million to Gulf Oil's $1,586. Below is a breakout of 30 companies' corporate ad spending in newspapers:

AT&T	$2,370,032
Allied	19,091
Ashland Oil	83,450
Brown & Williamson Tobacco	82,874
Container Corp. of America	6,407
Firestone Tire & Rubber	231,382
General Motors	620,670
Gulf Oil	1,586
Honeywell	43,813
LTV	102,862
Martin Marietta	280,307
McDonald's	3,698
Mobil	2,465,729
Motorola	104,454
Nabisco	73,472
Nissan	61,169
Northrup	810,091
Pratt & Whitney	38,630
Procter & Gamble	4,873
RCA	28,873
Reynolds Aluminum	220,733
RJ Reynolds	2,016,784
Seagram's	524,393
Subaru	13,632
Tenneco	16,658
Textron	139,679
TRW	3,110
3M	43,238
United Technologies	1,172,253
Westinghouse	15,706

Source: Media Records



The Top 15 Magazines of 1984
Measured by Corporate & Association Advertising

	Corporate Advertising	
	Pages	Dollars
1. Business Week	1,044.14	40,414,958
2. Forbes	994.83	29,747,719
3. Fortune	909.89	30,126,597
4. Spectrum	612.15	3,307,453
5. Economist	535.91	2,334,509
6. Time	347.41	37,871,031
7. Newsweek	313.82	23,890,833
8. US News & World Report	282.61	14,456,561
9. Industry Week	266.79	3,452,092
10. New Yorker	237.67	4,066,692
11. Scientific American	216.85	4,590,054
12. Sports Illustrated	205.26	15,109,266
13. Black Enterprise	152.14	1,622,141
14. Dun's Business Month	146.31	2,013,925
15. Financial World	145.76	1,009,981

Source: PIB-Corporate and Association Report, 1984.

should go on record in support of or opposition to a given proposal," notes Sullivan.

The *National Journal*, a weekly, non-partisan news magazine of Capital happenings and debates, began taking advertising in October 1982 and this year expects to receive some $2 million in ad revenues from about 400 pages of paid corporate advertising. Advertisers run the gamut from American Airlines to Xerox. Also appearing are trade associations, a surprisingly few unions, and many members of the media. Even in *NJ*'s rarified editorial atmosphere (there is no consumer advertising allowed, nor any color ads), only 15% of the ad pages are issue-specific. "There's just not that much of it." Sullivan notes resignedly.

The *National Journal* limits its ad pages to about 20% of each weekly issue to avoid upsetting the 5,000+ subscribers who pay the $546 annual sub rate. A profile of these subscribers shows the magazine attracts solid numbers in all the groups that matter — the White House (97); the Cabinet agencies (382); Congress (439); state and local government (301); the media (247); and corporate and financial America (953).

Results of a subscriber study of *NJ* readers' media habits find a fairly predictable media mix supply these influentials with their daily dose of information. Among the 684 people who responded to *NJ*'s inquiries on the subject, the magazines that fared the best in "What do you read?" responses were *The Economist, Forbes, Fortune, Business Week, New Republic, Newsweek, Time, U.S. News & World Report, Washington Monthly, The Washingtonian,* and *The Washington Post Weekly*. The newspaper list is dominated by the *Washington Post, The New York Times* and *The Wall Street Journal*. Local papers, presumably from the officials' home districts, make up a sizable "other" category.

On tv, the most favored news shows are generally found on CBS. *The CBS*

Continued on page T10

AS THEY SEE IT

MEDIOLOGY
By ED PAPAZIAN

Demographic erosion: problem for football sponsors?

By now everyone is aware of the sizeable drop-off of tv sports ratings, particularly those for America's gridiron heroes. According to Nielsen, ABC's *Monday Night Football* ratings declined from the 19-20% range in the late 1970's to only 16% last season. But there has been relatively little discussion about the declining quality of the NFL Pro Football audience. The networks are close-mouthed on this subject and if the agencies do any checking, they keep their findings to themselves.

But other sources are available. Last fall Simmons (SMRB) conducted a national personal viewer diary survey which was financed primarily by the three networks. This marks the first time that SMRB has done a fall study since 1977 and hence, the first time we can review the people ratings for the *Monday Night Football* telecasts from an independent source in fine demographic detail.

The findings are sobering. According to SMRB, pro football's average adult rating declined by 17% between the two periods and not surprisingly, women reduced their exposure slightly more than men.

But the disturbing news is revealed by SMRB's various age, socio-economic and ethnic breakdowns. We've culled a few comparisons in the following table. In sum, young adult viewing is down 28% while older adults are watching about as often as before.

Upscale elements — in this case we've picked the college-educated — consume 26% fewer telecasts, but low-brows (those who never graduated from high school), increased their viewing. Finally, blacks reduced their viewing of the pro football games to a far greater extent than whites. (See table.)

Simmons' fall 1984 study has a lot of data on weekend afternoon football (and much finer demographic data) as well as a lot of cross-referencing by key product usage categories. The changing demographics of network sports viewers is, of course, a function of competition from independent channels, cable and other new electronic media options, but it also reflects a response to the perceived caliber of tv

% of U.S. Adult Population Watching Monday Night Football (Avg. ½ hour Audience)

	Fall 1977	Fall 1984	% Change
Total Adults	14.5%	12.1%	−17%
By Sex			
Men	21.4	18.5	−14%
Women	8.1	6.4	−21%
By Age			
18-24	15.6	11.3	−28%
25-34	16.3	13.1	−19%
35-54	15.6	12.3	−21%
55 +	11.9	11.7	−2%
By Education			
1 + Yrs. Coll.	18.9	14.0	−26%
H.S. Grad.	15.3	11.5	−25%
Not H.S. Grad	9.7	10.8	+11%
By Race			
White	13.9	12.1	−13%
Black	18.9	12.5	−34%

Source-SMRB

sports attractions, player strikes, their big buck image, etc.

If SMRB is correct, this loss of quality is a bigger turn-off to the quality viewer, which in turn, is a growing problem for quality advertisers. ■

OUTDOOR
By RICHARD L. BRIGGS
Vp, out-of-home media, SSC&B

Gannett Outdoor moves to the front of the class

Late last October, the Gannett Outdoor Group, the largest outdoor advertising network in North America, advised the media buying community that they were relocating their headquarters from Phoenix to New York City. In addition to realigning its top management team, it was tripling its East Coast personnel, establishing a Los Angeles office, and adding to existing offices in Chicago and Detroit. This shifting of Gannett marketing and sales weight is being seen as most appropriate (and perhaps long overdue) by those of us who purchase major blocks of outdoor and who represent national clients. At a time when media attitudes are experiencing significant transformations, the outdoor industry should respond to the opportunity by raising their collective voice and broadening their contacts in the offices of agencies and advertisers. The Gannett Outdoor Group has demonstrated that they agree.

Now that this relocation by the Gannett Group has had a chance to settle in, it appears to me that much of the positive talk they released to the press last fall is beginning to translate into action.

As part of a long-range plan to improve Gannett's market share and enhance outdoor's position in the media mix, this Group, see product, systems, and marketing as their priorities.

We will soon see two very significant moves in the area of "product" improvement. One is guaranteed morning illumination from 6 A.M. to dawn during the fall to spring seasons of the year when nights are longer than days. For illuminated displays, advertisers are buying and expecting eighteen hours of exposure per day. This move by Gannett will insure visibility during prime morning drivetime. In that, according to the U.S. Department of Transportation, the 6:00 A.M. to 8:59 A.M. period accounts for 33.8% of the daily traffic flow, we are not talking about an insignificant percentage of total circulation.

Second in the product action department is the researching of the broader use of Lumiflex, a flexible, reinforced translucent vinyl to overlay, like a smooth taut canvas, painted bulletin faces. If proven successful, the Lumiflex application will eliminate downtime involved with on-site painting, boom trucks and/or cranes to rotate heavy bulletin sections, improve opacity of all copy elements, and being of one piece, will have no distracting surface seams. Also, a big advantage to this tightly drawn plastic curtain will be the use and re-use of the product in one or more markets. Accordingly, production costs can be amortized over far longer periods. With all media production costs escalating as they are, this will be a welcome reversal.

One priority move to change the "system" was recently announced by Gannett. It has to do with published rates for 30-sheet poster and printed bulletin programs. Now, an advertiser has the option to purchase space, if he so elects, with all production charges included. Under this all-embracing buy, four-color lithography would be assigned to their Mediacom Toronto facility, the largest poster printing company in Canada and an award-winner in its field. Combining these costs may not reflect savings in all cases, but it

"Here's the deal, Jerry. We won't take any business with us, but we want your back issues of SRDS every month."

SPORTS: *from page 45.*

to the advantage of certain advertisers, particularly on the regional and local levels."

Regional sports nets garner about 80-95% of their revenue from per-subscriber fees in the form of wholesale rates paid by cable operators who affiliate with the channel. They are actually scoring higher than national cable in the revenue-per-subscriber category. By Paul Kagan Associates estimates, in 1984 the four million basic and pay sports subscribers generated an average $3.89 per subscriber in revenue. Pay services alone gained from $3.92 to $18.67 per subscriber. Comparatively, the highest per-subscriber revenues among national cable nets ran from $1.74 (ESPN) up to $4.89 (WTBS).

The reasons behind those lofty per-subscriber revenue figures are the premium CPM's charged by the regional networks. The services are pitching $12-$20 CPM's, justifying those charges in light of the favorable ad environment they offer. Regional nets run fewer spots during pay events and those run at natural breaks offer advertisers a clutter-free scenario. Additionally, pay homes command higher CPM's due to their upscale demographics. And several viewership studies indicate 35-50% of sports subscribers tune into each major event. Such dedication to sports viewing translates into viewer association with the sponsor of the team, claim regional net executives. Notes Madison Square Garden Network (MSGN) vice president of sales, Ray Levy, "Audiences are fanatical about their teams and, oddly enough, are cognizant of the sponsors. What happens is that fan loyalty fosters brand loyalty, which leads to greater sales. That's what we heavily market to advertisers."

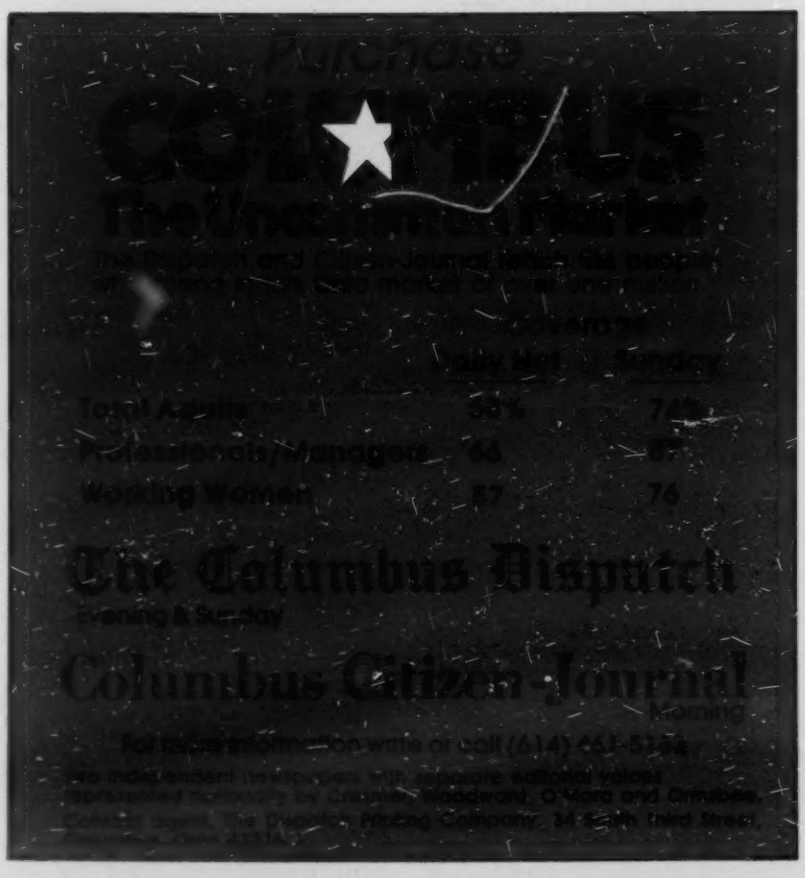
Stroh's Martin suggests advertisers address two key questions when considering a regional sports network buy: "Are you willing to take a risk that the sports networks' projections for growth will be accurate? And do you accept the premise that you can have smaller audience numbers work for you? That latter question in itself violates traditional broadcast assumptions," he observes.

In evaluating the buy, BBDO's Novenstern notes, "As far as CPM's, it's tough to compare to what the teams are going for over-the-air. We evaluate that rating based on the assumption that the pay viewer universe is producing a higher rating. What percent higher is up to debate. Our general benchmark is that ratings for pay sports run about 50% higher than their over-the-air counterparts. You wouldn't be paying that fee if you weren't interested to begin with. If it's not a pay tier, that percentage would be less high but still higher than broadcast in that universe."

A look at the three top regional sports networks demonstrates the overall positive relationships between the networks and clients/agencies.

With nearly 2 million subscribers, Gulf and Western-owned MSGN, offered as a basic service to 59 affiliates, highlights the New York Knicks and the New York Rangers. Its latest sign-up, the New Jersey Devils hockey team, gives the network two pro hockey teams in action. Ad inventory (20% of MSGN's revenue is from advertisers) is sold-out for the Knicks and Rangers games and about 50% sold out for other programing. Ninety percent of that revenue is brought in by the Knicks and Rangers, whose sponsors' participation extends beyond those programs. A typical sponsor package may include: a :30 spot on every Knick and Ranger broadcast on WOR-TV (40 games); a :30 spot in each of the 110 Knick and Ranger games on cable; :30 spot in each of the minimum 100 other events like college football and basketball; and run-of-station programing (each sponsor is required to purchase five spots a week on a run-of-station basis).

"We give advertisers something that extends beyond the media," claims Levy. "It's an association with Madison Square Garden which goes beyond commercial time and signage benefits." MSGN additionally offers its sponsors season tickets; dinner parties at a game for usually 30 guests; a day at a Ranger practice; ads in programs sold at the games; and logo identification incorporated into pocket schedules and yearbooks. What sponsors like



"The match was won by pointing out that 51.6%* of HBR subscribers are chairmen, presidents, managing directors, chief administrators and top managers."

*U.S. & Canadian Subscribers

Harvard Business Review

New York, NY (212) 972-0740
Boston, MA (617) 495-6182

Coke, Anheuser-Busch, and Paine Weber must commit to is a minimum one-year sponsorship for at least $250,000.

The network has worked as a complementary medium for Bally's Park Place Casino Hotels, claims Elliot DeBear, executive vice president of The Media Department, a media planning service which places Bally's on MSGN. "Looked at in terms of strategic planning, MSGN is highly viable. The casino industry knows there is a direct correlation between very heavy viewers of boxing, for instance, and gaming. MSGN is shown in areas that parallel our primary target, the New York ADI and Northern New Jersey. You get all the benefits of merchandising and signage exposure, plus continuity from well-rounded programing," says DeBear. The association with pro sports gives Bally's access to that hardcore viewership, he observes. "Eventually the team has to become a reflection of the sponsor and the sponsor a reflection of the team," continues DeBear. "When you have an affiliation with a pro team in your prime ADI, you are taking advantage of something that has a lot of local visibility. That allows us to provide heavier local media support to maximize awareness. MSGN helps us maintain Bally's momentum in an increasingly competitive market."

Group W Satellite Communications-owned Home Team Sports, based in Washington, D.C., offers 50,000 subscribers in 25 affiliates three professional teams — the Washington Bullets, Washington Capitals, and Baltimore Orioles — as well as college programing in football and basketball and such minor sports as lacrosse. By the end of last year, HTS had signed systems in the D.C. and Baltimore ADI's representing half of the 600,000 cable subs in those areas. HTS's pay-to-basic penetration was the highest of any other regional network launched in 1984. However, with neither D.C. nor Baltimore wired, the service is heavily dependent on systems outside the teams' home turf. In view of the marketing history of regional nets, this reliance on outer markets (Virginia, North Carolina, and Delaware) is risky, claims analyst Quirk.

HTS is faring well in the ad sphere, selling out 75-80% per Oriole game at

Subaru Atlantic's package with Home Team Sports included dealership appearances by the Baltimore Orioles bird.

$20 CPM's. "One of our strong selling points is the low clutter environment," says HTS's New York sales manager Perry Shelman. "We give advertisers a more concentrated upscale viewer share which is attracted by the localism of the programing," adds Peter Weisbard, vice president of sales. Weisbard is predicting more than a 90% increase in ad revenues this year despite the network's high operating costs. "It's expensive to run a regional sports network because you don't get instant payout. It's not as if you can go to a syndicator and put on cheap programing," he explains, "This is live sports."

HTS offers year-round program lineups and includes the teams as revenue sharing partners. That approach is critical to a regional net's success, says BBDO's Novenstern. "The rights fees will be realistic and the team will have a greater interest in the subscriber and advertiser growth," he notes. "They will be satisfied partners and not be out to cut off the network through exorbitant rights fees. They'll want to make the rights fees amicable so that all will prosper. Who knows, in a few years, these regional networks may be getting

more teams than their over-the-air counterparts."

Local advertisers like Subaru Atlantic and Giant Foods are finding HTS a prime community tie-in vehicle. This year Giant Foods, a major chain in Maryland, Virginia and D.C., made its first move into cable advertising with their purchase of a :30 spot per Oriole game. "Our primary demo is women 25-54, so sports is not the best way to go for cost efficiency in sponsorship," claims Kevin Hancock, director of advertising and marketing for the food chain. "But advertising on HTS is a way we can show the community that we support the teams in our area. Running image, not product ads, is great visibility for us."

HTS offers Subaru Atlantic product exclusivity, billboards, and heavy promotional and merchandising tie-ins, says Cathy Folus, communications ad manager at Six Star Advertising which plans the media buys for 73 Subaru dealers. During its May 1-June 29 run of three :30's per Oriole game, the network and agency coordinated a Subaru All-Star advertising sweepstakes which included appearances by the Oriole bird at the dealerships. The sweepstakes winner was announced by Jim Welsh, vice president of Subaru Atlantic during the HTS airing of the July 3 Oriole game.

"HTS is, or soon will be, carrying what we already tie into on location," says Folus, citing the positioning of Subaru already as the official car of the Washington Bullets, Washington Capitol Hockey, and the Baltimore Blasts Soccer.

At a third regional sports net, SportsChannel Network, senior vice president Bob Fennimore notes that current sponsors include Anheuser-Busch, Toyota, and Manufacturer Hanovers Trust. The SportsChannel Network is comprised of SportsChannel New York serving 400,000 subscribers; SportsChannel New England, with 100,000 viewers; SportsVision, serving 49,000 in the Chicago area; and Prism, the hybrid service offering movies and some sports (12% of programing), with 375,000 subs in the Philadelphia area. The New England and Chicago services boast a 100% increase in subscribers over last year; New York, 20% above 1984; and Philadelphia, a 10-15% increase in viewers. Fennimore says he is running 70% above last year's sales to advertisers as well. "Any hesitancy an advertiser may have would be due the status of the team: Is it a winning team? Fortunately, in all our markets, our teams are winning, so sales are made easier."

Fennimore, a former vice president of WOR-TV, sees competition from all media going after broadcast sports ad dollars, but cites regional sports networks as having an edge. "Regional networks are really local networks that bring to each market local professional teams. There's important local identification for the viewer in that market. In local sales, the support franchises should be very successful," he claims.

Toyota, a sponsor of both SportsVision and SportsChannel New York, cites those networks as prime vehicles to "get your upper-income home with no waste," says Bill Sheehan, senior vice president, sports media for Dancer Fitzgerald Sample, Toyota's agency. Toyota has been given an "import exclusive" in the car category. "The regional sports networks continue our association with the Yankees and gives us another sports property in the market [the Mets]," cites Sheehan. "They don't offer a big universe, however, so you have to be judicious in how you evaluate the buy. Each regional network has to be looked at individually."

For a majority of sponsors or spot advertisers, the regional sports networks have delivered on their estimate, or slightly above, in subscriber and revenue growth. "On the numbers game, even though the figures are small, everyone has done what they promised," says Stroh's Martin. "The part of the equation that will take some time to discover is whether it is to the client's advantage to have that high interest level as opposed to a broader based hope-we-catch-some-of-our-target approach of broadcast tv." In the interim, until broadcast tv sports costs fall into line, it's likely that the regional sports cable nets will continue to be an attractive alternative for the sports-minded national advertiser.

Judith Reitman

Paper train–with the Tulsa heavyweights in building strong retail sales.

The morning Tulsa World and the evening Tulsa Tribune — two daily newspapers that deliver unduplicated readership of 283,000 in the Tulsa MSA. And a net audience of 328,000. That's 65% of Tulsa's MSA.

Plus, you get a combined total readership in four states of over one half million.

For bigger, stronger retail sales, pick up the Tulsa heavyweights in your advertising buy.

Source: Belden CMS

TULSA WORLD
The Tulsa Tribune

Newspaper Printing Corporation. Agent for the Tulsa World and The Tulsa Tribune. Two independent and separately owned newspapers represented nationally by Branham.

Harvey's Chelsea Restaurant

Photo: Bill Kelly

Brand report 113:
Liquor

Spirits on the rocks

"We are *not* talking about an industry in disastrous trouble," insists Perry Luntz, editor and publisher of the *Beverage Alcohol Market Report*. "Let's not go overboard and throw distilled spirits out the window. It's really a case of declining expectations." Ben Corrado, a liquor industry consultant agrees: "Not everybody is just drinking water."

Though some within the industry say reports of its demise are greatly exaggerated, problems facing the industry are serious enough that its spirits are indeed sagging . . . and with good reason. Sales levels (case depletions) continued their descent last year, slipping 1.4% according to *Impact*, an industry newsletter. Since 1980, per capita consumption has dropped by 10% to 1.8 gallons per legal-age drinker per year, according to Clark Gavin Associates Inc. Worse still, the number of people approaching legal drinking age is declining.

The liquor industry's lagging sales mask a number of important shifts, however. Last year for instance, for the first time ever in the U.S., white goods outsold brown goods in terms of volume, sneaking past them with sales of 184 million gallons versus 183 million for the heavier "brown" spirits. The public preference for "lightness," which is making itself felt in a number of food and drink product categories, continues to reshape the distilled spirits industry. Now vodka rules the roost and other "white" liquors, like rum and tequila, have grown enough for the segment to overtake whiskeys.

Another trend changing the industry is what one marketer calls the consumer's "flexible palate." People are willing to experiment and try a *variety* of liquors, including beers and wines. "There aren't the social pressures there used to be," states Richard F. Vreeland, senior vice president of marketing at Somerset Importers Ltd., a unit of Distiller Co. Ltd. "Young men no

longer have to think, 'Gee, I really have to drink scotch if I want to get along in business.' You don't have to drink what the boss drinks."

Today, there is less blind loyalty to a type of liquor and consumers are increasingly prone to buy by brand rather than category. "It's up to the brands now," says Vreeland. "The category is not going to automatically give you people anymore." The strong brands will survive "on personality," as one marketer puts it, even managing to buck the trend their category might be following. Dewar's scotch is a good example of that. Its sales rose 2% last year, while shipments of scotch as a whole dropped 9%. Jim Beam bourbon and Tanqueray gin similarly reversed declines in their categories.

Super-premium brands are increasingly finding favor. Some feel the trend towards moderation in drinking will prove to be a boon to the growth of these more expensive brands. "We feel if you're going to have less, you're going to have the best," says one marketer of a super premium.

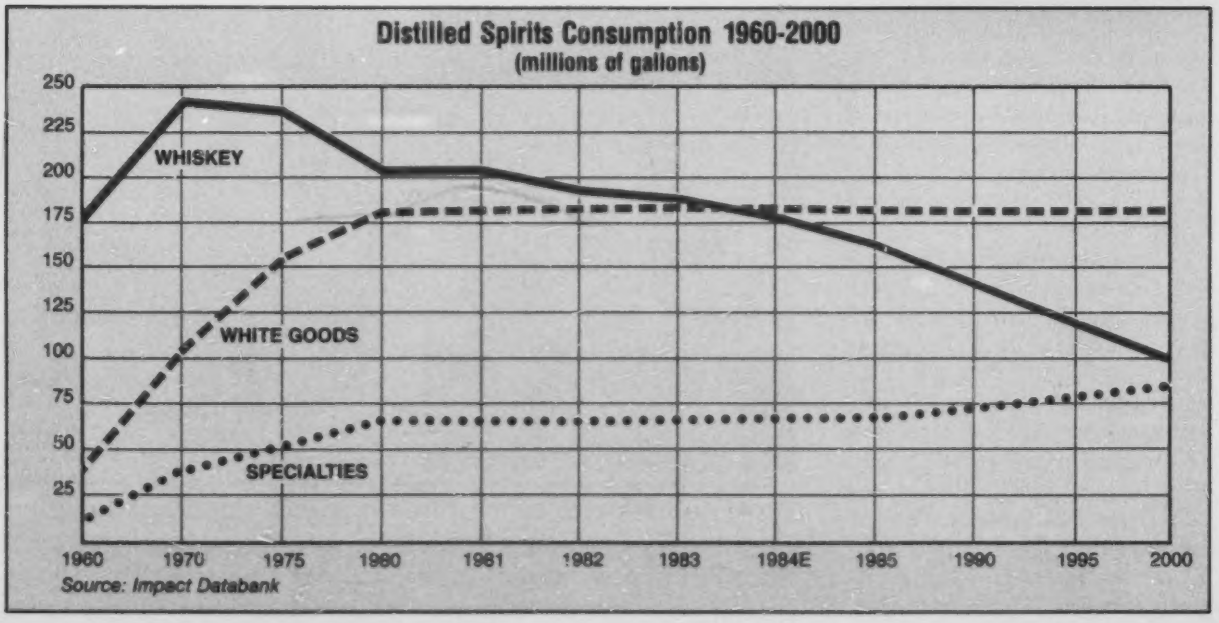
And less is what it looks to be. The industry, which the Distilled Spirits Council of the U.S. (DISCUS) says is still $21.6 billion strong, expects a decline next year of at least 5%-6% due to the $2-per-gallon Federal excise tax (FET) scheduled to go into effect October 1. Currently the FET represents an average 27% of the purchase price of a bottle of spirits, compared to roughly 1.6% of the purchase price of table wine, 5.5% on beer and 16.4% on cigarettes according to *Market Watch*, another industry publication.

If increased taxes were not enough of a drain on liquor's sales, the outcry over spirits' effects on health and driving safety are adding yet another, more emotionally loaded factor. Liquor marketers themselves are espousing the cause of moderation in the hopes of reversing the industry's "bad guy" image. Last spring, Hiram Walker Inc. launched a $2-$4 million "Yield the keys when driving" campaign and Somerset Importers Ltd. spent $2-$3 million on its "Drink with judgement" public-service campaign launched this June. Joseph E. Seagram & Sons Inc. is spending $5 million on a campaign — rejected by the three major television networks — informing consumers that a mixed drink containing 1.25 oz. of spirits packs as much alcoholic punch as 5 oz. of wine or 12 oz. of beer. "But at what point," asks a DISCUS spokesman, "does the problem rest with the consumer and not with the industry?"

In addition to normal market shifts, distilled spirits have some additional marketing hurdles that wine and beer don't have to contend with. Liquor marketers operate under a voluntary blackout of radio and television advertising. They are allowed limited access to sampling for new product introductions, are limited by federal law to spend $35 on promotional displays for a single store, and have less pricing flexibility than wine and beer makers. The number of stores they can sell to is restricted as well, with some states permitting sales only through state-owned stores. In addition, ten states have now banned "happy hours," a favorite promotional tool, and 23 states have laws that hold those who serve the drunk drivers their liquor liable for any accidents that might result. And in response to a Federal bill signed into law last July stating that states with lower legal drinking age limits would lose some of their Federal highway aid, some states have agreed to raise their legal drinking age to 21.

Yet, of all hurdles the distilled spirits industry has to clear, the biggest is probably one of its own making. Marketing strategies of spirits companies have been woefully slow to change. In general, say observers, as volume declined spirits marketers tried to maintain profit by cutting staff and slashing

Bill Kelly



1983 Percentage of All Distilled Spirits Drinkers by Gender

Gender	Total Distilled Spirits	Blended	Bourbon	Scotch	Canadian	Irish	Gin	Vodka	Rum	Tequila	Brandy/ Cognac	Cordials & Liqueurs	Cocktails & Mixed Drinks
Male	51.3%	59.8%	64.8%	61.5%	59.5%	62.3%	52.8%	50.1%	48.9%	53.0%	55.6%	43.1%	43.7%
Female	48.7	40.2	35.2	38.5	40.5	37.7	47.2	49.9	51.1	47.0	44.4	56.9	56.3
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Simmons Market Research Bureau: 1983 Study of Media and Markets

advertising dollars. The industry's ad expenditures dropped from the 1983 level of $350.2 million to $339.3 million in 1984, according to Clark Gavin.

The industry stands accused, even by some insiders, of taking the attitude that its leading brands will pull it through the crisis, unaided by any dramatic changes in marketing plans. "The marketing skills and insights you see utilized in this industry are atrocious," rages one industry marketing executive. Others echo that view. "The liquor marketer tends to say, 'Geez, I can't do anything,' and puts his head under the covers," observes Perry Luntz.

For years, the industry has relied first on magazines, and then on outdoor billboards, with their four-color capabilities, to sell their brand's image. Newspapers have been used primarily to make immediate announcements — a new product, special sales or promotions. But a number of marketers think a fresh look at newspapers is in order, particularly with their expanding use of four-color. "Newspapers allow you more flexibility in what's being communicated," says Brian Dunn, senior vice president of marketing at Buckingham Wile Co., marketers of Cutty Sark. "It's hard to get much of a message across to someone driving by at 60 m.p.h.," he says referring to outdoor boards.

It's time to rethink everything, says Peter Dimsey, executive vice president of marketing for the House of Seagram, a division of Joseph E. Seagram & Sons, the industry giant. He sees signs within the business of "a collective recognition that we've got to be more aggressive in advertising, we've got to be more intrusive — grab people's attention and make them read our advertising."

One thing Seagram did this year was to reorganize itself with the emphasis on grouping complementary brands under a single division's roof. Previously, similarly positioned brands like Calvert and Kessler whiskeys, for example, were marketed by different divisions and competed with one another for market share. The shake-up, says Dimsey, yield "marketing strategies that are more precisely targeted." It will, for instance, "lead to more regionalization of brands that don't have a strong national presence."

Regionalization of both brands and marketing efforts is one of the hottest concepts in the industry today. Somerest's Vreeland says. "It's a new priority for us. It's something one must do for the future. You need more pieces of smaller markets." These days companies need to pay closer attention to how much they spend in a variety of markets. An example: Vreeland says company research shows that 70% of Johnnie Walker Black's volume comes from just 10 cities. As a result, the company will tend to spend a big chunk of its budget on regional editions of certain publications, and make sure those cities have healthy outdoor support.

Segmentation is another word that comes up often. In order to keep the business growing, says Seagram's Dimsey, "You have to look at behavioral and attitudinal changes, even though numbers may be easier to get."

And though spirits marketers have pitched to black and Hispanic audiences for some time, women are only now starting to get some special consideration. According to *Impact*, they drank 43.5% of all distilled spirits consumed in 1983. And the fact that their ranks in the workforce continue to swell has "Growth Market" written all over it. The following is an overview of the marketing/advertising strategies of the top three brands in leading liquor categories.

Vodka

U.S. consumers down far more

Dewar's runs two different campaigns simultaneously. Personality profiles reach out to young professionals; Scottish scenes target older, regular Dewar's drinkers.

Tequila: gaining in popularity.

vodka than any other type of distilled spirit. It accounts for one of every five bottles of liquor sold. Though the category's growth seems to have leveled, it still rides high, claiming an impressive 23% share of the total spirits market, according to *Impact*. Colorless, odorless and almost tasteless, consumers didn't have to learn to like the mixable vodka. Last year, they liked it 100 million gallons worth.

Overall, however, vodka sales are flat, its growth having slowed for many of the same reasons the industry is sluggish. Plus, it is a crowded market. There are nearly 400 different brands on the shelves. And some observers see the glimmerings of a trend that may be having an adverse effect on vodka sales. There is conjecture that the seeds of a trend back towards more flavorful spirits have been sown. The popularity of imported vodkas, which have what the industry calls "mouthfeel" — slight taste and smell — points to the desire for some flavor.

For a category whose products don't have much in the way of physical characteristics differentiating one brand from another, image is everything. **Smirnoff,** distributed by Heublein Inc. (a unit of R.J. Reynolds Industries Inc.), has long been the king of the American vodka market, with 17% share of sales. Though its sales have dipped gradually since 1980, Heublein thinks they will now hold steady due to pricing, advertising and promotional changes it has made.

Late last year, Heublein decided to switch to a new campaign, but hold its advertising budget steady at about $8.5 million. The new "Friends are worth Smirnoff," says Jack Manning, senior vice president of marketing/spirits and wine worldwide, appeals to its older customers but skews to younger adults, in an effort to gain converts. "We can't forget that they're still in the process of making brand choices and we're trying to expand our user base," he explains. Roughly 60% of the ad budget goes to buy national magazine space, the remainder is used on out-of-home media. The brand is also given a healthy dose of support with a promotional budget that is more than half the size of the advertising budget.

Heublein's **Popov** brand holds the #2 vodka slot, commanding nearly 9% of the category's sales and showing a 1983-1984 sales gain of nearly 10%. The mid-priced vodka (35% less than Smirnoff) is targeted to a somewhat more general, less affluent audience. It receives no advertising support but is promoted heavily with a budget comparable to Smirnoff's.

Various industry figures differ, but most show **Kamchatka,** a price brand distributed by National Distillers and Chemical Corp., slugging it out with **Gordon's Vodka** for third place. According to figures compiled by Leading National Advertisers, Gordon's Vodka, marketed by Renfield Importers Ltd., received no advertising support in 1983 or 1984. Some think its sales get a boost from the company's "I could go for something Gordon's" gin campaign.

Heublein has petitioned the Bureau of Tobacco and Firearms (BATF) to allow the standard of identity on a bottle of liquor to be lowered below 80 proof. Should the ruling be in its favor, the company may introduce a lower alcohol vodka. Marketers are free to sell low alcohol spirits now, as long as they call them "diluted." But, complains Manning, "There's no way we want to market something with 'diluted' on the label."

Share of Market Trend
Distilled Spirits Entering U.S. Trade Channels by Type

Type	1970	1975	1980	1981	1982	1983	1984
Bourbon	22%	17%	15%	14%	14%	12.7%	12.0%
Blends	19	13	9	9	8	7.6	7.4
Scotch	13	13	10	11	10	10.3	9.4
Canadian	9	11	12	12	12	11.9	12.5
Irish	*	*	*	*	*	0.2	0.2
Total Whiskey	63	54	46	46	44	42.6	41.5
Gin	10	10	10	9	9	9.1	8.9
Vodka	13	20	22	21	23	22.6	22.8
Rum	4	4	7	7	7	7.8	8.0
Tequila	–	1	2	2	2	2.2	2.2
Total White Goods	27	35	39	39	41	41.7	41.8
Brandy	4	3	4	4	5	5.0	5.1
Cordials & Liqueurs	–	–	8	9	9	8.8	9.9
Cocktails & Mixed Drinks	–	–	2	2	2	1.9	1.7
Total Specialties	10	11	15	15	15	15.7	16.6
Total Distilled Spirits[1]	100%	100%	100%	100%	100%	100.0%	100.0%

*Less than 0.5%
[1]Addition of columns may not agree because of rounding.
Source: Impact Databank

Canadian Mist and Seagram's 7 Crown: Both are category leaders and both play up their status in their advertising.

Gin

Gin, the second-largest selling white spirit, showed a sales decline of 3.4% to 39 million gallons last year, according to *Impact*. After healthy growth in the 1970's, its share of the total spirits market began eroding in 1980 and stood at 8.9% in 1984. "I would like to believe that the decline is leveling off, but my impression is that it's not," sighs Todd Middleton, director of marketing at National Distillers, distributors of #3-ranked Gilbey's gin. "Vodka is viewed as the 'now' drink, whereas gin may still have martini overtones. People think it is heavier."

Seagram's gin dominates the category, though its sales fell 2.5% last year. The company says it currently has very strong support for the brand in black markets and a less well-developed general franchise. To amend the latter, Seagram has just launched a new advertising and promotional program. The company says it will spend between $5.5-$7 million on the advertising alone.

The campaign is another one that seeks to hold onto the brand's loyal consumers by stressing its status as #1. It also attempts to lure new consumers into the Seagram fold by emphasizing its lightness and mixability. If the ad copy doesn't attract attention, the steamy shots of a couple in what the company calls "a romantic encounter" that accompany it will. As the couple starts to disrobe, the copy, in one example, reads: "They also say you

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(305) 633-3341

Represented nationally by: Cresmer, Woodward, O'Mara & Ormsbee, Inc. (CWO&O)

More spirits marketers feel the future lies with young, affluent consumers.

should drink it with someone you know very, very well . . . or want to." The ad will run in a wide range of national magazines, such as *Time, Jet* and *Cosmopolitan,* and be given strong newspaper and out-of-home poster exposure as well.

Gordon's gin, marketed by Renfield, had 5% fewer sales in 1984 than in 1983. Its new "I could go for something Gordon's" campaign was not able to stop the brand from declining faster than the gin category as a whole. Renfield reportedly boosted advertising dollars for Gordon's from the 1983 level of $4.3 million to just over $5 million in 1984.

Third-most-popular **Gilbey's** gin also registered a sales drop, in the 8% range. The current campaign, featuring the slogan, "Here's to more gin taste," emphasizes the gin's distinct aroma and strong taste, portraying it as a gin that will hold its own with a mixer. Gilbey's is mid-priced and pitched to an audience that is 18-49 years old. LNA shows a cut in National's advertising budget from $5.1 million to $4.4 between 1983 and 1984.

Rum

Rum is the third most popular white goods spirit and maintained growth last year with a 2.6% gain in sales (about one million gallons). It's an unusual segment in that the best selling brand, **Bacardi,** is not only a leader in its category — with a whopping 59% share — but is also the far and away best-selling brand of spirit in the U.S.

Rum has benefited from the country's swing to lighter liquors and, perhaps more than other spirits, from the growing strength of women and ethnic groups in the marketplace. Rum's popularity (Bacardi has held its #1 slot for seven years running, according to Clark Gavin's tally sheet) is largely due to Bacardi's long-held marketing strategy of emphasizing rum's mixability, a game plan other categories have since adopted.

Bacardi's 1984 ad budget totaled $8.9 million, according to LNA, with a spending split of about 60% on advertising, 40% on promotions. Over $1 million of the 1984 budget went to promote Bacardi and Coke, a favorite mixed drink among blacks and Hispanics. And last year Bacardi tipped its hat to both health concerns and its growing female market by launching the "Diet Quiz" campaign, from the Rumrill Hoyt agency. It compared favorably, the caloric and alcoholic content of a 5 oz. glass of white wine to a 5 oz. drink made with Bacardi and diet Coke. The ads ran in a variety of publications — *Modern Bride, Life* and *Sports Illustrated* featured it.

Bacardi Corp.'s **Castillo,** a mid-to-low priced brand, is the second best selling rum in America, giving the company an enviable 66% share of the total rum market. Castillo receives no advertising support and has made its name by selling well in bars and restaurants.

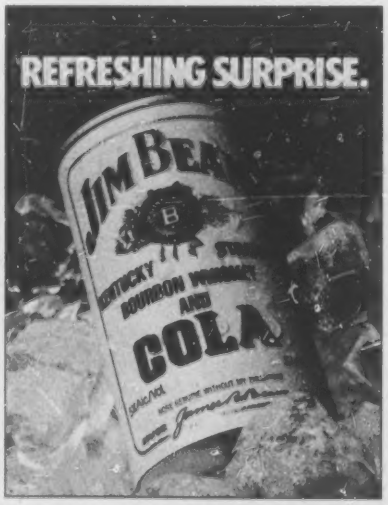
Other brands are making themselves known and other segments have begun to spring up. Seagram's **Ronrico** is the third-placed seller. Though its sales rose 5% between 1983 and 1984, giving it a nearly 6% share of market, its advertising budget was cut to about $1.3 million last year from the previous year's $2.7 million. Price, according to Seagram, is its main differential and the thrust of its marketing effort is directed at retailers, not consumers.

Gaining attention is another Seagram rum entry. **Captain Morgan** spiced rum grew from a 30,000 case-depletion level for its introductory year, 1982, to more than 310,000 last year. While that's miles from Bacardi's 8.7 million cases, it's an impressive growth record that looks even better when compared to Ronrico's 1984 sales of 830,000 cases. Spending on its advertising shrunk in 1984 to $1.6 million, according to LNA, down from the 1982-1983 new-brand level of $3.9 million. However, the brand, which is priced somewhat higher than Bacardi, is slated to have its budget increased next year.

Tequila

Tequila's 2.2% share of white goods' total market share is small but growing. Though sales held steady in 1984 at about 10 million gallons, the continuing trend toward white and light liquors, plus the ongoing popularity of Mexican restaurants, spells good things for tequila. "We have high hopes for its growth, though I would not expect in the future to see tequila become another vodka," observes Jack Manning of Heublein, distributor of top-selling **Jose Cuervo.** The brand's

Continued on page 101



Soft drink or mixed drink?

Bacardi acknowledges two sales-shaping trends in its ads: diet consciousness and responsible drinking.

Continued from page 96

1984 $1.8 million budget was spent on the Southwest and West Coast markets.

Canadian

The brown goods, or whiskey, category has lost sales at a steadily increasing rate throughout the 1970's and early 1980's. In 1984, brown goods' volume fell by 3% to where it now has a 41.5% share of the total spirits market, compared to white goods' 41.8% share, according to *Impact*.

Canadian whiskey, considered the lightest of whiskies, has been steadily gaining in volume and market share since 1970. It has bypassed bourbon and scotch to become the best selling whiskey, claiming a 12.5% market share. Between 1983-84, shipments of Canadian rose 4.9%. Some think that as consumers hint at renewed interest in fuller-bodied spirits, they may be testing the waters with Canadians.

Canadian Mist is the category leader with a 19% share of its market. The mid-priced brand has shown a growth rate of about 8% over the last five years and Brown-Forman Inc., its importer, thinks it stands a good chance of further growth as some consumers trade down in response to the FET hike. The brand is largely targeted to males, from legal drinking age to about 49 years old. Brown-Forman spent about $5 million to advertise it in 1984 and runs separate campaigns for whites and blacks. The white, "general audience" campaign receives about 75% of the budget, according to John V.O. Kennard, senior vice president-group director. The campaign talks about "Canada at its best," showing misty Canadian mountaintops and other outdoorsy scenes. But, says Kennard, "Blacks are much more interested in the black community and black people." So the "Misting" campaign was created, featuring a fashionable black couple in a social situation.

Seagram aims second best selling **V.O.** to a male "grey collar" group, that Tom McInerney, executive vice president of marketing, describes as "lower management — not chief executive officers, but not ditch diggers." The company cut the brand's advertising money in the 1983-1984 period, but with the introduction of a new campaign last year, it has boosted spending to the $10-$15 million range. The new ads from Ogilvy & Mather are profiles of what McInerney calls "unsung heroes": a travel agent, the road manager for the Hall & Oates rock and roll band, and members of a ski patrol, among others.

Hiram Walker's **Canadian Club** ranks third with roughly 15% market share. Locked in a tight race for that

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DAYTON/SPRINGFIELD NEWSPAPERS
Represented nationally by Sawyer-Ferguson-Walker Co., Inc.

spot with National's **Windsor Supreme,** the brand will receive a 23% boost in its current $15 million advertising budget next year. CC changed campaigns in mid-1983. The newer "Be a part of it" campaign is designed to appeal to all drinkers and not just those imbibing Canadian. The company has planned its market strategy using VALS (SRI International's Values and Lifestyles program), and targets this premium-priced spirit to upwardly mobile blacks and whites. It also has a separate segmentation system for different Hispanic groups, basing it on how long they have lived in the U.S. The overall budget breakdown gives 65% to magazines, the rest to out-of-home. The brand's promotion budget is about one-quarter of the ad budget.

Bourbon

Bourbon whiskey shipments declined 5.5% last year, according to *Impact,* leaving the category with a 12% share of the brown goods market. Industry leader **Jim Beam,** marketed by James B. Beam Distilling Co. of American Brands Inc., bucked that trend with a 2.5% rise in sales, to give it an 18% share of bourbon sales. About seven years ago, according to Lane Barnett, vice president-director of marketing and advertising, the company began a program "to divorce ourselves from the bourbon category." Jim Beam has tried to position itself as a general brown good ever since, appealing to a general audience. It, too, has adopted the mixability battle cry and last year went so far as to introduce Jim Beam and cola in cans. This year it is considering expanding on the theme with a premixed ginger ale and a lemon lime drink. The brand's marketing budget has been holding at around $3 million.

"Though we refer to ourselves *rev-*

Captain Morgan is a rising star.

erently as a Tennessee sipping whiskey," drawls Allen Hovious, director of marketing coordination and communication for Brown-Forman's Jack Daniels brand, "We are largely grouped with the bourbon category." Within that category **Jack Daniels** ranked #2 with 3.7 million case depletions in 1984, putting it well ahead of the number-three seller, **Early Times.** That brand, which is also from Brown-Forman, sold 1.9 million cases. Jack Daniels' advertising expenditures rose from $4.9 in 1983 to $5.5 million last year, according to LNA (Early Times ad spending plummeted from $1.2 million in 1983 to roughly $390,000 last year). This year, Hovious says, the 1985 budget gives $5 million to magazine space and $1.5

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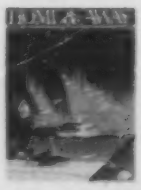

Source: Home & Away Subscriber Survey/March 1985
Mark Clements Research Inc./New York

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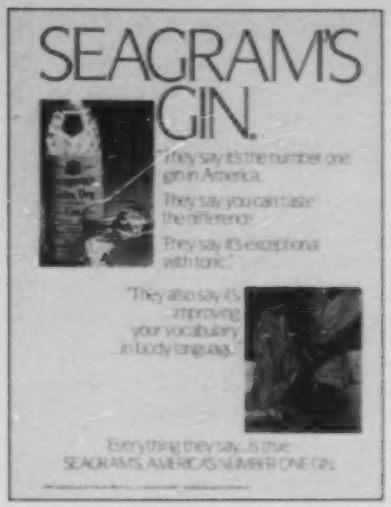
SEAGRAM'S
GIN.
"They say it's the number one gin in America.
They say you can taste the difference.
They say it's exceptional with tonic."
"They also say it's improving your vocabulary in body language."
Everything they say is true.
SEAGRAM'S AMERICA'S NUMBER ONE GIN.

New sexy campaign keeps its gin #1.

million to outdoor advertising. The spirit's target audience, he says, is "the gentleman," who he broadly defines as "a person comfortable among princes or thieves." Jack Daniels has run basically the same campaign since the 1950's, featuring black and white 2/3 page shots of the people of Lynchburg, Tenn. Though "gentlemen" may be the official target, women now make up about a third of Jack Daniels' consumers and the company is using its current ads in more women's books, such as *Working Woman* and *Ms.*, than ever before.

Scotch

Shipments of scotch tumbled nearly 9% between 1983-84, a figure that is close to the category's overall decline since 1970. Perhaps more than any other whiskey, scotch has suffered the most from changing consumer habits. The rather exclusive image it used to make it one of the most popular spirits faded as the baby boom generation began to try other liquors, realizing there were others you didn't have to learn to acquire a taste for.

Dewar's, the category leader imported by Schenley Imports Co., a unit of Rapid American Corp., defied the odds and saw its case depletions grow by more than 4% last year. LNA reports a Dewar's budget that shrunk from $11.2 million in 1983 to $10.4 million in 1984. The company says the 1985 budget is up 10% and that next year's will be increased, too. Its unusual marketing strategy is two-fold. First, to reinforce the loyalty of its heavy-user base — white and black men, primarily white collar, 45+ years old — Dewar's runs the "Legends" campaign. It features shots of the scenes and people of Scotland, complete with a short day-in-the-life story and a slogan that reassures: "The good things in life stay that way." But, mindful of the importance of luring new, young customers, Dewar's follows a strategy that defies the rules of Marketing-101. It runs a second, completely different campaign in the form of the well-known Dewar's profiles. The 15-year old campaign was updated in 1983, shifting away from people in professions consumers found hard to relate to — e.g. nuclear physicists — and more on achievers the company feels young professionals can identify with such as authors and film directors.

The two campaigns, both from Leo Burnett USA, are slotted to run in the same magazines, e.g. *Business Week, Gourmet, Life, New Yorker* and *Rolling Stone*. Though both are used with

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Adult Per-Capita Consumption by Type (in gallons)

Type	1970	1975	1980	1981	1982	1983	1984E
Beer	30.70	34.70	36.8	36.8	36.20	35.80	36.1
Wine	2.15	2.74	3.2	3.3	3.29	3.33	3.4
Distilled Spirits	3.13	3.32	3.02	2.97	2.84	2.77	2.7

Source: Impact Databank ©1985

about equal frequency in general, some magazines are slotted for just one of the campaigns. "Legends," for instance, is the only Dewar's campaign you'll see in *Atlantic*, *Smithsonian* or *Personal Investment*.

While Dewar's is credited with a 14% share of its category, **J&B** scotch, marketed by Paddington Corp., a unit of Grand Metropolitan PLC, is close on its heels with a 12% share. The brand was the number-one scotch until 1982. The brand's advertising support closely held to its 1983 budget level of $6.7 million in 1984 and the company is sticking with its "It whispers" campaign for the near future, at least.

Clark Gavin Associates shows **Cutty Sark** and **Johnnie Walker Red** running neck and neck for third and fourth rankings. Last year Cutty Sark, imported by Whitbread & Co. PLC's Buckingham Wile Co. unit, dropped its three-year old "Leadership" campaign, featuring such notables as Ted Turner, in favor of one with the theme "Cutty and . . ." The campaign broke last October amidst company hopes that it would help turn around the 6.8% decline in volume the brand registered over the last five years. In a whiskey category known for its price-point jockeying, the company says it will avoid price promotions in the future.

"Young man, do you realize the street value of a 2-month old issue of SRDS?"

In addition, Buckingham is tripling the nearly $3 million 1984 budget in 1985, concentrating 85% of it on magazines.

Somerset's current Johnnie Walker Red campaign, new in 1983, suggests it "Stands out" and receives support in the $7-$8 million range. Promotions will get more emphasis in the future, with the budget split being on the order of 50% magazines, 20% outdoor, 20% promotions and the rest newspaper insertions. "With people more susceptible to switching brands," explains Richard Vreeland, senior vp/marketing, "I feel point-of-sale is more important than ever before if it's backed up by image advertising."

Distilled Spirits Industry Media Expenditures-'83-'84 (in millions)

	1984	1983	Change
mags.	$193.2	$205.7	−2.6%
newsp.	$ 76.2	$ 75.0	+1.7%
outdoor	$ 69.8	$ 69.5	+ .2%
TOTAL	$339.2	$350.2	−3.9%

down 3.9% overall

Sources: LNA & Media Records

Blends

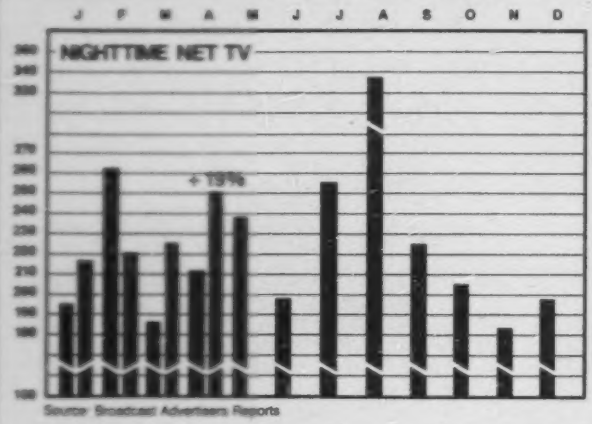
The blended whiskey category, with a 1984 market share of 7.4%, is paced by the overall third best-selling distilled spirit brand, **Seagram's 7 Crown.** While shipments for the category as a whole dropped about 3% in 1983-1984, 7 Crown sales declined 4%. This summer, the company launched a new, $15 million+ campaign through Warwick Advertising Inc. The ads play up its top slot, proclaiming it "America's whiskey." Its copy capitalizes on the patriotic sentiments currently sweeping the U.S.

Seagram also markets the second and third best sellers in the blended category, **Kessler** and **Calvert Extra.** Both brands receive substantially less advertising support than the standard-bearer and, though distributed nationally, have a strong regional emphasis to their strategies.

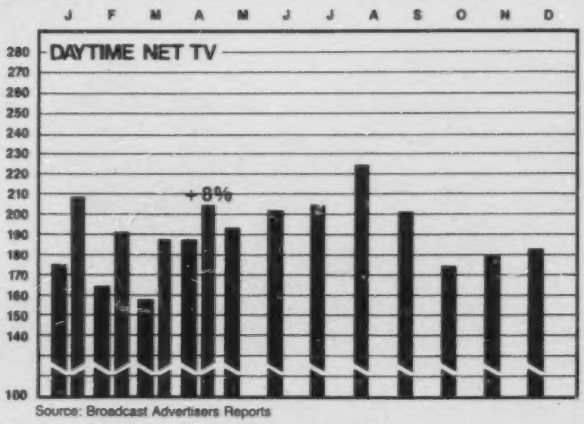
A separate report on specialties, brandies and cognacs will follow later in the year. *Carol Hall*

MEDIA COST INDEX

Black bars index for 1984; color bars 1985; base year 1977



Source: Broadcast Advertisers Reports



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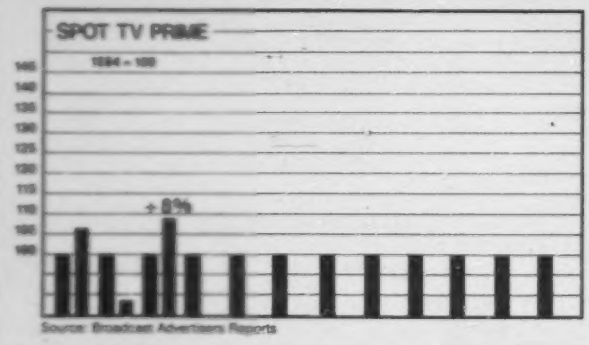

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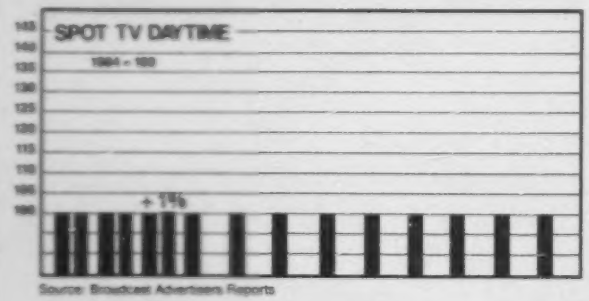

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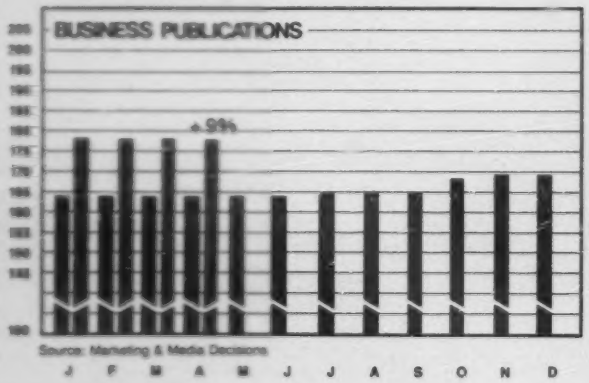


Source: Marketing & Media Decisions

Compared with last month, the Decisions' Monthly Cost Index for April, with the exception of network television, has held pretty much the same.

Nighttime network tv showed a 19% increase over the same month in 1984. The cause: Observers close to the scene explain it as the infusion of an excessive amount of high-priced specials coupled with the NCAA basketball playoffs and finals. **Daytime network tv** reported only an 8% increase after posting monthly increases of 16% and 19% in the first quarter.

Business publications, which had been holding at +8%, showed a 9% increase in April, but this was mostly a function of rounding after a minor adjustment in rates.

In **outdoor,** the cost of an average panel went up slightly but not enough to make a change in the relative measure which remains at +7%.

One of the **national Sunday magazines** reported a slight upward change in rates, which moved the relative change up one percentage point to +11%.

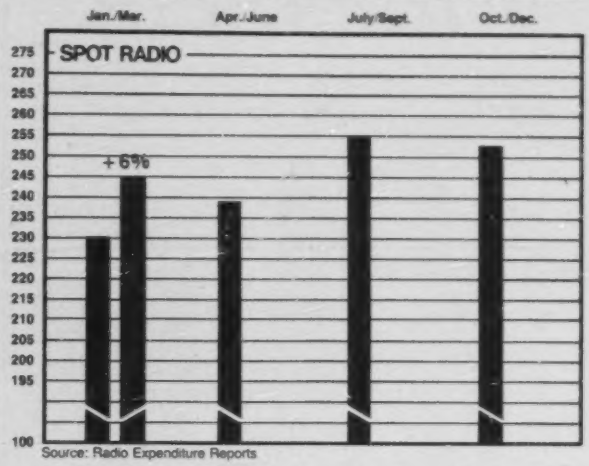
The **magazine** cost index, which reflects the cost of a four-color page in 40 magazines, is holding at +8%.

Network radio data are being compiled on a new basis which will include more networks than in the past. In addition to CBS, ABC and NBC, the new series of data will also cover Mutual and United Stations (formerly RKO). In all, 15 networks will be monitored; previously, only seven were covered. The cost trend in the first quarter is upward. With January indexed at 100, February is 104 and March 110.

For the second month, running data are not available for **newspapers,** but we have been promised that next month, data through June will be available. Spot radio is reported on a quarterly basis as is **spot tv.**

MEDIA COST INDEX (continued)

Black bars index for 1984; color bars 1985; base year 1977



Source: Radio Expenditure Reports

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

Sources:

Nighttime Network TV – Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV – Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio – Cost per average 30-second radic announcement from BAR's Network Radio Service.

Spot TV — prime and daytime – Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in 40 national supplements.

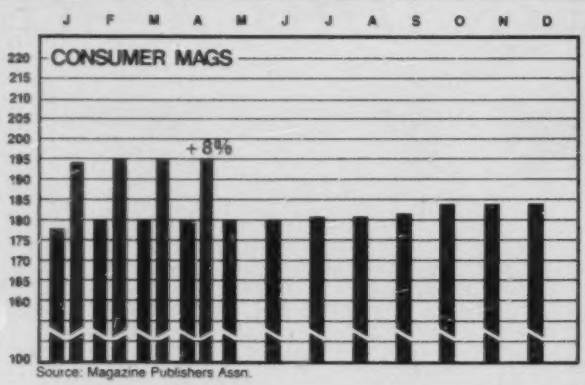
Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

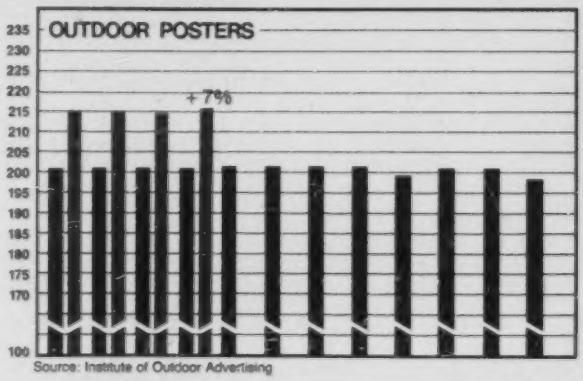
Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

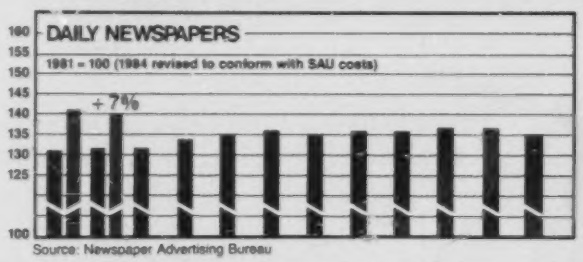
How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.



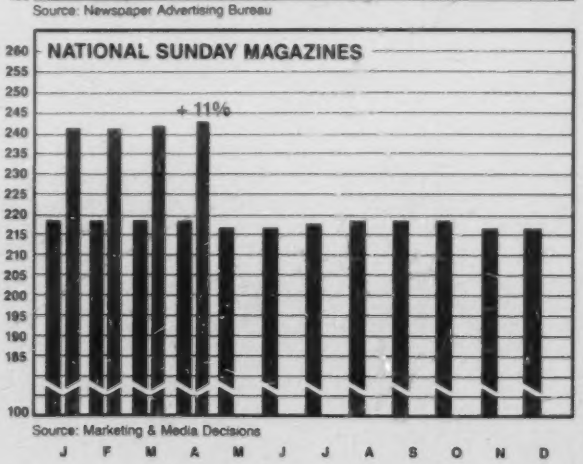
Source: Magazine Publishers Assn.



Source: Institute of Outdoor Advertising



Source: Newspaper Advertising Bureau



Source: Marketing & Media Decisions

INFLUENTIALS: *from page 60.*

Morning News outdraws *The Today Show* among *NJ*'s small sample, and the *CBS News with Dan Rather* and the *MacNeil/Lehrer NewsHour* are evenly matched far ahead of the other net offerings in the evening period. Among magazine-format news shows, *60 Minutes* is the strongest hour, followed by *Agronsky and Company*, *Washington Week in Review*, and *This Week with David Brinkley*.

These findings, while based on a small sample, mirror the results of a similar poll of administrative assistants (AA's), legislative assistants (LA's) and press secretaries conducted in 1983 by *Washington Journalism Review*.

The magazines and newspapers in D.C. take advantage of private mail services to have their publications hand-delivered to the powerful right off the presses. Rob Sennott, president of The Leadership Network, a group magazine buy of thought-leader publications (*Across the Board*, *Columbia Journalism Review*, *Commentary*, *National Review*, *Technology Review*, *The New York Review of Books*, and *The New Republic*), says President Reagan has his publications marked with a special code when he wishes to receive them unaltered — which leads to another problem in trying to reach the D.C. elite with advertising.

While most admit such efforts go unread in D.C., the public seems to pay attention to corporate ads. And they will be heard.

"The staffs in Washington are, by and large, the people who make the difference," admits *NJ*'s Sullivan. These are the people who distill down the reams of incoming materials to what they judge to be essential reading for their boss — and that may not necessarily include the issue ads. "Often, the AA's and LA's are the most important people to reach," agrees Sennott. And this audience represents a difficult group to pin down.

According to the Burson-Marsteller study, these staffers place newspapers, including op-ed pages, among the ten most effective means of communicating with them, even as they banish issue advertising to the bottom of the list. What's unmeasured to date — and what may, in fact, be unmeasurable — is the impact the ads have on a subliminal level by their mere presence amidst the all-important editorial.

Elliott remains convinced that the effect of Grace's issue efforts is far-reaching and at every level. "It's opened all manner of doors to us in D.C. and around the world," he concludes.

As Rob Sennott reiterates, "Very few people ever admit to reading advertising," making its impact, particularly in the area of national policy and legislation, very difficult to measure.

But, if responses to the efforts from the Business Roundtable, W.R. Grace and United Technologies are any indication, the public is reading these messages, even when they are not directly targeted at them. In this way, issue ad efforts to reach Washington may work after all, if through a very indirect, and American, way.

Terence Poltrack

August 1985
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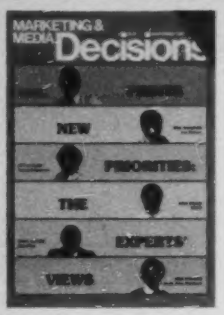
Chiat/Day

EXPERTS'

VIEWS

MIKE DRUCKER
Doyle Dane Bernbach



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93 Playing to the kids
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125 Brand Report 125: Home electronics
The compact disc, among other developments, is providing an opportunity for home electronics' manufacturers to update their image, and their marketing strategies, as they reach out to sell the latest tech toys to consumers. The goal is to fuel steady sales growth with something other than price cutting and fads.

Focus on . . .

The CBS/China tv picture
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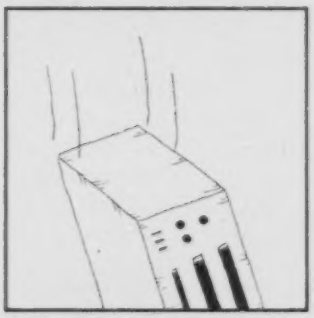

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FUTURES

Fast forward for home electronics

Technological innovations and new products will drive the consumer electronics industry into a period of growth over the coming years. Buoyed by the over 40% growth in pre-recorded video cassette rentals, VCR sales, and blank video cassette sales, the total home electronic entertainment and information systems market will grow an overall 20% through 1987, predicts a new report by market research firm Frost & Sullivan.

Though the market is comprised of mature products, says the study, innovative new products will enter the market, helping to stimulate consumer demand. Two examples of this are compact disc technology and stereo tv. (For a look at how marketers are positioning such products, see this month's brand report on page 125.)

Frost & Sullivan's study features the results of a comprehensive, nationwide survey of independent retailers of consumer electronics equipment. It assesses the trends and developments in each of six major market segments: tv's, other video products, audio equipment, home computers, telephones and video games.

For the major segments, the survey found these trends developing:

Televisions: relatively moderate growth is predicted for the color and large screen rear projection tv's, 20.1% and 17.7% respectively from 1984 through 1987. Weaker growth is expected for front projection tv's, and black and white tv's are projected to decline.

VCR's: The retailers showed great optimism for VHS-format VCR's, which Frost & Sullivan predicts will grow 41.7%, 1984-1987. The report projects that by 1988, VCR's will achieve a 38-40% U.S. penetration, up from the 1984 level of 16%.

Audio equipment: Though a mature sector of the consumer electronics industry, audio equipment will not decline over the near-term. Sales will be stimulated by new products, primarily digital audio discs. Compact disc players will show 33% growth, with audio/stereo components and systems growing 15.9% and radios posting +9.5%, 1984-1987.

The 341-page report includes forecasts for the six major product groups, and provides projections for the cable tv, satellite broadcasting and pay tv markets. Market share information is also given.

For more information, contact Customer Service, Frost & Sullivan, Inc., 106 Fulton St., New York, N.Y. Phone (212) 233-1080.

Women adopt the sporting life

Women's changing attitudes about themselves and what they can and cannot do have helped fuel a dramatic growth in the number of women involved in a wide range of sports activities.

American Sports Data, Inc., in a study commissioned by 25 major corporations and consumer magazines, found that women made up the majority of new participants in many of the sports covered in its questioning.

While they clearly dominate such activities as aerobic exercise, women are also making aggressive entry into such male-dominated sports as golf and basketball. Though only 26% of the total golf club, for example, women made up 46% of the group who took up the game within the past 12 months.

Participants or not, women have already made their presence known in the sporting goods marketplace. Women accounted for over 40% of athletic footwear sales in 1984, and matched that performance in the running apparel market. Of running shoe owners, however, only 30% actually run, a statistic matched by the apparel findings.

The annual study covered 41 different sports activities, 104 product categories, and media behavior on 62 publications. Findings are available on a custom basis from ASD, which is located in Hartsdale, N.Y. Phone is (914) 472-8877.

1984 ADULT SPORTS PARTICIPATION

	Participated at least once in past 12 months	Participated all year long	Female participation % Total	Female participation % New participants*
Aerobic dancing	22,236,000	4,083,000	85%	81%
Aerobic walking	27,674,000	8,046,000	66	77
Basketball	20,965,000	2,052,000	27	53
Bicycling (fitness)	25,000,000	4,224,000	55	70
Golf	18,219,000	2,496,000	26	46
Physical conditioning (Aerobic Equipment)	25,320,000	5,655,000	56	65
Racquetball	10,113,000	1,541,000	35	49
Running/jogging	26,570,000	4,786,000	47	57
Softball	25,999,000	1,247,000	37	53
Outdoor tennis	16,733,000	1,530,000	39	53
Weight training	26,046,000	7,447,000	36	63

* Began participation in last 12 months

Source: American Sports Data, Inc.

Cable's reach into the top markets

According to Paul Kagan's 1984 year-end tally, cable now has 14.4 million subscribing homes in the country's largest tv markets, which translates into a 35% penetration in the top 25 ADI's. This increase reflects an 11.3% jump over 1983, with some cities such as Chicago, Boston, Detroit, Minneapolis/St. Paul and Baltimore seeing a 20% boost during 1984.

This penetration can be matched against cable's current reach in these all-important areas. Cable is available now in more than 66% of all 41.7 million tv homes in the top 25 broadcast markets, which is an increase of 9.6% in homes passed when compared to 1983. With the 11.3% increase in cable subs in that same universe, at least part of the gain can be attributed to the medium's merits rather than simply to new plant miles constructed. These stats should back up cable's case for itself on Madison Avenue.

Home banking with national interest

The AT&T, Bank of America, Chemical Bank, and Time, Inc. venture to market nationwide financial services will launch later this year with its first offerings, operations of Bank of America's HomeBanking and ChemBank's Pronto computer banking services. The new company (its new name will shortly be announced) intends to actively recruit other financial service providers to offer their plans and to distribute the packages offered by other companies. The partners expect to spend two years working on the online services, which will target consumers and small businesses, and anticipate separate telebanking packages.

For the venture, AT&T is unveiling its "13000 Video Transaction Terminal," an ASCII-only device which can be used as a low-cost home terminal by the subscribers. This terminal is the first planned in a series of low-priced models. Manufactured by the Japanese electronics firm Sharp, the AT&T 1300 is the size of a portable typewriter and will cost under $300. Code-named "Videoteller" during in-house development, the unit has a full keyboard, an integrated 300 baud modem, and 12 custom function keys. Sharp's role in building the AT&T unit may pose interesting future prospects, particularly with Sharp's new relationship with RCA. The low-priced terminals may be used in the videotex project under development by the RCA-Citicorp joint venture as well.

Cable Penetration in Top 10 ADI's (from Kagan Census survey ended 12/31/84)

ADI Rank	PK Cable Rank#	Market (ADI)	'84 Tot. Cable HH (mil.)	'83 Tot. Cable HH (mil.)	1984 Homes Passed (mil.)	1983 Homes Passed (mil.)	1984 Total TVHH (mil.)	1983 Total TVHH (mil.)	1984 Cable Pen. As %-TVHH	1983 Cable Pen. As %-TVHH	'84 HP As % of TVHH	'83 HP As % of TVHH	% Inc. Cable HH Pen. '83-'84
1	1	New York	2.12	1.95	3.93	3.75	6.57	6.47	32.4%	30.2%	60.0%	57.9%	8.9%
2	2	Los Angeles	1.20	1.08	2.62	2.60	4.37	4.32	27.5	25.1	64.6	60.4	11.0
3	7	Chicago	.65	.50	1.30	1.01	3.02	2.97	21.5	17.1	43.1	33.9	28.0
4	3	Philadelphia	1.03	.95	1.83	1.79	2.53	2.49	40.6	38.3	72.3	71.9	7.8
5	4	San Francisco	.91	.90	1.68	1.65	2.05	2.03	44.4	44.4	81.9	81.3	1.4
6	5	Boston	.87	.66	1.66	1.25	1.94	1.93	44.6	33.9	85.2	64.7	32.1
7	15	Detroit	.45	.34	.90	.69	1.66	1.64	27.3	20.9	54.4	41.9	31.1
8	10	Dallas/Ft. Worth	.50	.44	1.14	.97	1.51	1.45	33.3	30.0	75.5	66.7	15.0
9		Washington, DC	.28	.26	.53	.45	1.50	1.52	19.0	16.8	35.8	29.8	11.0
10	14	Houston	.46	.44	1.11	1.04	1.44	1.40	32.1	31.4	77.0	74.2	4.9

Source: Reprinted from The Kagan Census of Cable and Pay TV *with permission from PKA.*

HOMEWORK

Prices Yuppies Are Willing To Pay

	Baby Boomers		General Population
	Yuppies	Non-Yuppies	
Automobile	$11,680	$9,560	$10,080
Man's Business Suit	$177	$124	$146
Cocktail Dress	$129	$88	$114
Watch	$98	$56	$84
Dress Shoes	$49	$37	$44
Bottle of Wine	$13	$8	$8

Source: Market Facts

The yuppie way of thinking

Being a yuppie is more a state of mind than having a fat wallet. Half of the baby boom generation (those born between 1945 and 1960) think and act like young upwardly-mobile professionals, but fewer than one in five meet the financial criteria.

Yuppies, however, are an optimistic lot that expects much out of life and works hard to achieve its goals, according to a study by Chicago-based Market Facts, a market research firm.

That makes yuppies a retailer's dream, according to Market Facts vice president Larry Labash, who directed the study. They not only buy more consumer products, they are willing to spend more for them than both the non-yuppies and the general population.

For example, they would pay as much as 75% more for a watch than non-yuppies and nearly 50% more for a woman's cocktail dress. Similarly, yuppies would pay an average of $11,680 for a new automobile, or better than $2,000 more than non-yuppies and some $1,600 more than the general population. And more than 25% of yuppie families have Japanese or European cars — twice the number owned by their age-group counterparts.

The foods they eat also differ. You won't find many yuppies savoring bologna, instant potatoes or pre-sweetened cereals. Croissants, fresh coffee beans and imported wines and beer are more their style.

Yuppies are further distinguished by their higher-than-average use of credit cards, automatic teller machines, personal computers, financial planning services and merchandise catalogs.

The study also showed that there are different kinds of yuppies. One group is the "urban sophisticates," who are big-city oriented, have liberal ideals and who enjoy shopping. "Entrepreneurs," on the other hand, are more interested in making money than spending it.

The inclination of yuppies to buy more and better things reflects an average income of $37,000 compared to an average of $21,400 for other baby boomers and $26,900 for the general population.

Market Facts' study is based on interviews with a national sample of 1,385 consumers, including 412 baby boomers.

The changing frozen food menu

Consumers are eating nearly four times as many "gourmet" frozen dinners as they were a year ago, despite a mere 2% increase in frozen foods as a whole. The dramatic growth in these premium brand products is being fueled by young singles, one-person households and two-career couples. "Busy families" consume nearly 35% more premium dinners than "traditional," one-career households, and singles eat three times the national average.

These are some of the latest findings from a comprehensive study tracking frozen food consumption, just published by MRCA Information Services in Stamford, Conn. Its "frozen foods trends" report queried 5,446 people in 2,000 households, and correlated their food choices with such factors as age, income, region, and family size.

The report notes that ethnic entrees have captured the frozen food market among young singles, who eat five times as much lasagna and burritos in this form as the rest of the nation. Pizza, however, is a favorite among larger, "traditional" households, defined as those in which the homemaker works less than 20 hours a week outside the home. Six- to 17-year-olds are the biggest frozen pizza eaters.

Traditional families are eating such staples as pot pies, fish sticks and chicken dinners, while "busy" families, those with two adults working full-time or a single parent, favor premium brand dinners and entrees. Frozen entrees are eaten much more often on week-day evenings than on weekends. Surprisingly, 23% of all frozen dinners and entrees are eaten at lunch time.

Men and women are equal consumers of frozen products, the study finds, but their preferences vary. Women, for instance, eat more than twice as many ethnic dinners as men, while men eat almost twice as many salisbury steak dinners.

The report also notes that growing in popularity are specialty breads, beef patties, chicken patties, lasagna, and french fries.

For further information, contact David Fencl, publisher, special topic series, MRCA, at (312)-480-9600.

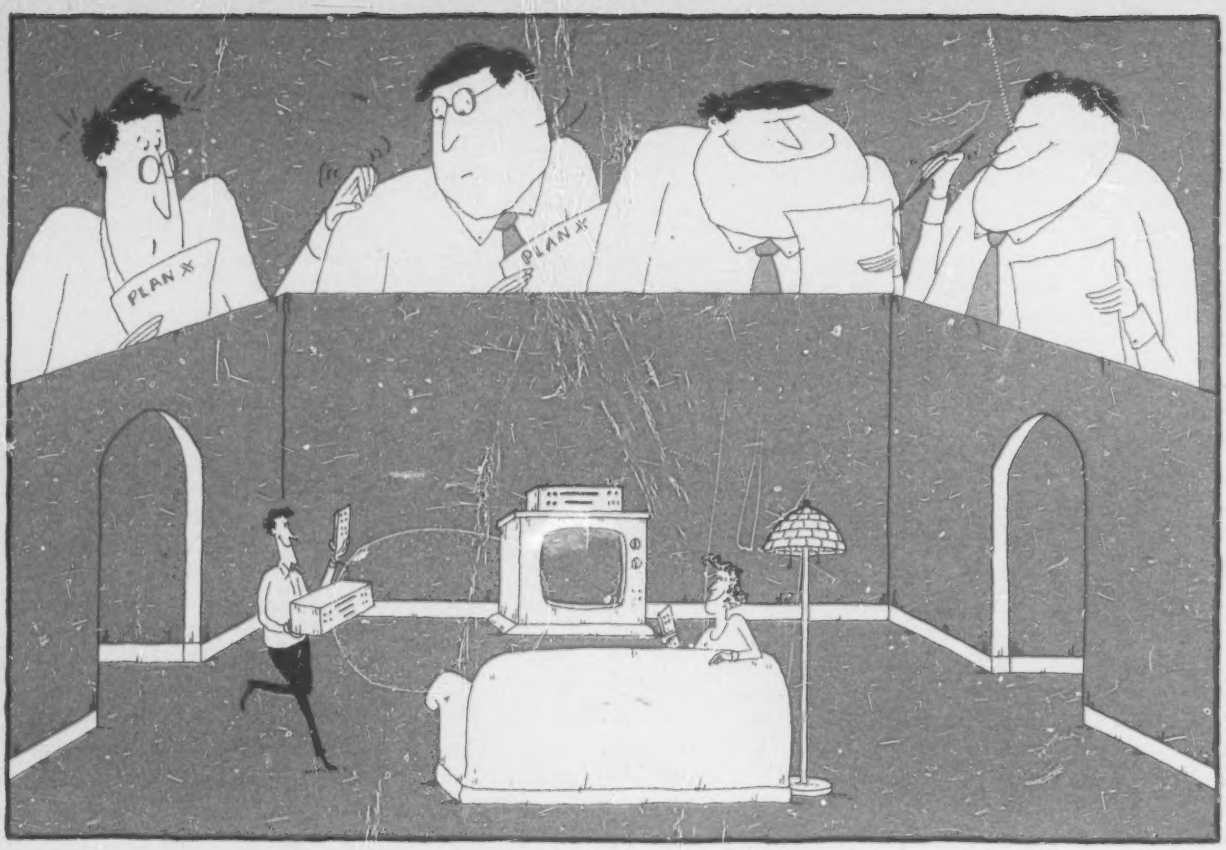

Illustration by Mark Ksenak

VCR's: The saga continues

In this episode, we confront the questions that haunt the ad community. Will "critical mass" penetration mean more opportunity for advertisers? Will new VCR users further confuse tv viewing patterns? Will advertisers effectively integrate VCR's into their strategic planning?

When we last saw Ron and Suzi (M&MD, September 1984, *VCR's: ogre or opportunity?*), the couple was spending a leisurely Friday evening viewing their favorite programs for that week, zapped clear of commercials. Ron and Suzi have since become another statistic.

"We never thought we'd do it," comments an astonished Ron.

Suzi adds, "But it's given us a lot more freedom."

Indeed, Ron and Suzi have since become a *two* VCR family, and have joined a group which now accounts for 8% of the approximately 19.9 million VCR households. How Ron and Suzi are using their VCR's is surprising not only to our pioneering couple but also ad agencies, advertisers, home video manufacturers, cable operators, programers and analysts whose assumptions about penetration levels and usage are continually being revised.

"It hasn't gotten to a point where the picture is clear cut," says Paul Lindstrom, vice president of Nielsen Homevideo Index, which prepares syndicated and custom research on new media technologies. "With VCR's